COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1584-05
Bill No.: SCS for HCS for HB 796
Subject: Medicaid; Public Assistance; Social Services Department
Type: Original
Date: May 4, 2015

Bill Summary: This proposal modifies provisions relating to SNAP, TANF, and MO HealthNet.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
General Revenue	($2,136,230)	($27,995,809)	($35,457,993)	($46,576,691)
Total Estimated Net Effect on General Revenue	**($2,136,230)**	**($27,995,809)**	**($35,457,993)**	**($46,576,691)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
Various Other State Funds	$334,511	($12,661,072)	($16,484,210)	($22,291,257)
Total Estimated Net Effect on Other State Funds	**$334,511**	**($12,661,072)**	**($16,484,210)**	**($22,291,257)**

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 25 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
Federal*	$0	$0	$0	$0
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**	**$0**

* Income and expenses exceed $116 million annually in FY 2021 when fully implemented and net to $0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
General Revenue	2.5	2.5	2.5	2.5
Federal	2.5	2.5	2.5	2.5
Total Estimated Net Effect on FTE	**5**	**5**	**5**	**5**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
Local Government	**$0**	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS)** provide the following assumptions:

Section 208.010 - Asset limits

DSS, MO HealthNet (MHD) officials state section 208.010 states that in fiscal year 2017 the resource limit for MHD blind claimants, MHD aged claimants, and MHD permanent and total disability claimants will increase to $2,000 for a single person and $4,000 for a couple. The following years the resource limits will increase by $1,000 for a single person and $2,000 for a couple until the sum of the resources reaches the amount of $5,000 for a single person and $10,000 for a couple in fiscal year 2020. Beginning in fiscal year 2021 and in each successive year, the division shall modify the resource limits to reflect any increases in cost-of-living, with the amount of the resource limit rounded to the nearest five cents.

DSS, Family Support Division (FSD) officials state FSD would see an increase in applications and caseload sizes in the local FSD offices due to the increase in the resource limit for MO HealthNet eligibility. The increase in cases in the MO HealthNet for Aged, Blind, and Disabled (MHABD) program(s) will occur incrementally due to the incremental increase in the resource limits beginning in FY 2017 to $2,000 for single individuals and $4,000 for a married couple. The resource limit would then increase annually by $1,000 and $2,000 respectively until FY 2020, when the sum would total $5,000 and $10,000 would be reached. Beginning in FY 2021, the increase due to the cost of living adjustment (COLA) would add additional cases to the MHABD program(s) and ongoing as the COLA increases the resource limit. The FSD determined there would be a total of 9,877 new cases for MHABD program(s) through FY 2021 if the resource limits are increased as proposed.

The FSD arrived at 9,877 new cases in this manner:

In State Fiscal Year (SFY) 2014, the FSD rejected (due to excess resources) 7,136 MO HealthNet (MHN) applications. Of these rejected applications, 5,363 were rejected for all FSD MO HealthNet programs. The remaining 1,773 (7,136 rejections -5,363 rejections for all programs) cases were eligible for Qualified Medicare Beneficiary (QMB)/Specified Low Income Medicare Beneficiary (SLMB), which have higher resource limits and are included in the QMB/SLMB population below. The FSD estimates in FY 2017, 1,280 of the 5,363 applications rejected for all FSD MO HealthNet programs would be eligible if the resource limit was increased to $2,000 for individuals and $4,000 for a couple as proposed.

Using the same methodology, the incremental increases for FY 2018 - FY2021 are:

FY 2018: 582 of the 5,363 applications rejected for all FSD MO HealthNet programs would be eligible if the resource limit was increased to $3,000 for individuals and $6,000 for a couple as proposed.

ASSUMPTION (continued)

FY 2019: 375 of the 5,363 applications rejected for all FSD MO HealthNet programs would be eligible if the resource limit was increased to $4,000 for individuals and $8,000 for a couple as proposed.

FY 2020: 292 of the 5,363 applications rejected for all FSD MO HealthNet programs would be eligible if the resource limit was increased to $5,000 for individuals and $10,000 for a couple as proposed.

FY 2021: In FY 2014, the COLA was a 1.7% increase. For the purposes of this fiscal note response, the FSD assumes future increases will remain the same. 23 of the 5,363 applications rejected for all FSD MO HealthNet programs would be eligible if the resource limit was increased by the COLA percentage to $5,085 for individuals and $10,170 for a couple as proposed.

In the first six months of SFY 2014, 461 or 36% of applications rejected for all programs were eventually approved after they spent their assets down below the applicable resource limit. 265 became eligible within 1 month of rejection, 59 cases became eligible within 2 months of rejection, 49 cases became eligible within 3 months of rejection, 34 cases became eligible within 4 months of rejection, 31 cases became eligible within 5 months of rejection, and 23 cases became eligible within 6 months of rejection. Therefore, 461 of the 2,528 rejected applicants would become eligible incrementally during the first 6 months of FY 2017. The remaining 64% remained ineligible for resources, other reasons, or did not reapply.

Using the same methodology, the incremental increases for FY 2018 - FY 2021 are:

FY 2018: 211 of the 582 rejected applications would become eligible incrementally during the first six months of FY 2018.

FY 2019: 135 of the 375 rejected applications would become eligible incrementally during the first six months of FY 2019.

FY 2020: 105 of the 292 rejected applications would become eligible incrementally during the first six months of FY 2020.

FY 2021: 9 of the 23 rejected applications would become eligible incrementally during the first six months of FY 2021.

If the resource limit is increased incrementally in SFY 2017 to SFY 2021 to $5,085 for single individuals or $10,170 for couples, FSD expects the above trend will continue and approximately 36% of the rejected applications will ultimately be approved within similar timeframes.

ASSUMPTION (continued)

In SFY 2014, the FSD closed 1,215 MO HealthNet for the Aged, Blind, and Disabled (MHABD) cases due to resources. Of these closed cases, 12 were not eligible for other MHN programs. The remaining 1,203 (1,215 - 12) were eligible for QMB/SLMB and are included in the QMB/SLMB population below. The FSD estimates in FY 2017, 9 of the 12 cases closed and not eligible for other MHN programs would be eligible if the resource limit was increased to $2,000 for individuals and $4,000 for couples as proposed.

Using the same methodology, the incremental increases for FY 2017 - FY2020 are:

FY 2018: 1 of the 12 cases closed and not eligible for other MHN programs would be eligible if the resource limit was increased to $3,000 for individuals and $6,000 for a couple as proposed.

FY 2019: 1 of the 12 cases closed and not eligible for other MHN programs would be eligible if the resource limit was increased to $4,000 for individuals and $8,000 for a couple as proposed.

FY 2020: 0 of the 12 cases closed and not eligible for other MHN programs would be eligible if the resource limit was increased to $5,000 for individuals and $10,000 for a couple as proposed.

FY 2021: In FY 2014, the COLA was a 1.7% increase. For the purposes of this fiscal note response, the FSD assumes future increases will remain the same. 0 of the 12 cases closed and not eligible for other MHN programs would be eligible if the resource limit was increased to $5,085 for individuals and $10,170 for a couple as proposed.

The FSD would also see an increase in MHN eligibles from the QMB/SLMB population. In SFY 2014, there was an average of 4,407 QMB persons. Of these, 4,184 live alone and 223 live with a spouse. Of those living alone, 819 would be eligible in SFY 2017 if the resource limit was increased to $2,000 for individuals and $4,000 for a couple as proposed. Of those living with a spouse, 58 would be eligible.

Using the same methodology, the incremental increases for FY 2018 - FY 2021 are:

FY 2018: Of those living alone, 417 would be eligible in SFY 2018 if the resource limit was increased to $3,000 for individuals and $6,000 for a couple as proposed. Of those living with a spouse, 28 would be eligible.

FY 2019: Of those living alone, 243 would be eligible in SFY 2019 if the resource limit was increased to $4,000 for individuals and $8,000 for a couple as proposed. Of those living with a spouse, 21 would be eligible.

FY 2020: Of those living alone, 144 would be eligible in SFY 2020 if the resource limit was increased to $5,000 for individuals and $10,000 for a couple as proposed. Of those living with a spouse, 7 would be eligible.

ASSUMPTION (continued)

FY 2021: Of those living alone, 17 would be eligible in SFY 2021 if the resource limit was increased to $5,085 for individuals and $10,170 for a couple as proposed. Of those living with a spouse, 4 would be eligible. Total new MHN cases from QMB:

QMB:
FY 17: 819+58= 877
FY18: 417+28= 445
FY19: 243+21=264
FY20: 144+7=151
FY21: 17+4=21
Total: 1,758

In SFY 2014, there was an average of 10,983 SLMB persons. Of these, 9,137 live alone and 1,846 live with a spouse. Of those living alone, 918 would be eligible in SFY 2017 if the resource limit was increased to $2,000 for individuals and $4,000 for a couple as proposed. Of those living with a spouse, 195 would be eligible.

Using the same methodology, the incremental increases for FY 2018 - FY 2021 are:

FY 2018: Of those living alone, 473 would be eligible in SFY 2018 if the resource limit was increased to $3,000 for individuals and $6,000 for a couple as proposed. Of those living with a spouse, 120 would be eligible.

FY 2019: Of those living alone, 299 would be eligible in SFY 2019 if the resource limit was increased to $4,000 for individuals and $8,000 for a couple as proposed. Of those living with a spouse, 51 would be eligible.

FY 2020: Of those living alone, 201 would be eligible in SFY 2020 if the resource limit was increased to $5,000 for individuals and $10,000 for a couple as proposed. Of those living with a spouse, 51 would be eligible.

FY 2021: Of those living alone, 24 would be eligible in SFY 2021 if the resource limit was increased to $5,085 for individuals and $10,170 for a couple as proposed. Of those living with a spouse, 2 would be eligible.

Total new MHN cases from SLMB:

SLMB:
FY17: 918+195=1,113
FY18: 473+120=593
FY19: 299+51=350
FY20: 201+51=252
FY21: 24+2=26
Total: 2,334

ASSUMPTION (continued)

The FSD anticipates an increase in applications as a result of the increased resource limits. These applications would come from a previously unknown population who currently chooses not to apply due to the current resource limits. According to U.S. Census Bureau data, 12,886 Missouri individuals, age 19 or above, have a disability. FSD conducted analysis of the income levels of these individuals and concludes that it could be reasonably assumed that 25% of these individuals would become eligible for MO HealthNet benefits. If 25% of these individuals were to apply and be found eligible for MHN benefits, the FSD would see an increase of 3,222 (12,886*25%) new MHN cases as the result of the increased resource limits in the first year Total new cases:

New Cases FY 2017:
1,280 (rejections)
9 (closings)
877 (QMB)
1,113 (SLMB)
3,222 unknown population
Total: 6,501

New Cases FY 2018:
582 (rejections)
1 (closings)
445 (QMB)
593 (SLMB)
Total: 1,621

New Cases FY 2019:
375 (rejections)
1 (closings)
264 (QMB)
350 (SLMB)
Total: 990
ASSUMPTION (continued)

New Cases FY 2020:
292 (rejections)
0 (closings)
151 (QMB)
252 (SLMB)
Total: 695

ASSUMPTION (continued)

New Cases FY 2021:
23 (rejections)
0 (closings)
21 (QMB)
26 (SLMB)
Total: 70

FY 2017 - FY 2021

2,552 (rejections)
11 (closings)
1,758 (QMB)
2,334 (SLMB)
3,222 (unknown population)
9,877 new MHN cases

The FSD assumes existing staff will be able to complete necessary additional work as a result of this proposal.

Therefore, there is no fiscal impact to the Family Support Division.

Officials from **MHD** provide that in fiscal year 2017 the resource limit for MHD blind claimants; MHD aged claimants, and MHD permanent and total disability claimants will increase to $2,000 for a single person and $4,000 for a couple. The following years the resource limits will increase by $1,000 for a single person and $2,000 for a couple until the sum of the resources reach the amount of $5,000 for a single person and $10,000 for a couple in fiscal year 2020. Beginning in fiscal year 2021 and in each successive year, the division shall modify the resource limits to reflect any increases in cost-of-living, with the amount of the resource limit rounded to the nearest five cents.

MHD expects a fiscal impact because of changes to the resource limits for blind, elder, and disabled persons. Higher cost will result from one group of Medicaid eligibles who currently receive limited medical benefits but will receive full Medicaid benefits under this legislation. New eligibles are also expected to enter the Medicaid program because of the change in eligibility rules.

The FSD identified the populations. The populations that are being proposed for full medical assistance are Qualified Medicare Beneficiary (QMB) and Specified Low-Income Medicare Beneficiary (SLMB). The other population or "new" is currently not receiving Medicaid services.

ASSUMPTION (continued)

There will be an estimated 6,501 new cases in SFY 2017. There are 4,511 new cases (1,280 rejections + 9 closing + 3,222 unknown population). There are 877 QMB and 1,113 SLMB.

An annual cost per person was calculated for persons with disabilities using FY 2014 expenditures. Using the annual cost per person, the total cost of $108,097,584 and $8,201,553 was calculated for persons with disabilities and seniors for a total cost of $116,299,137

With the 877 QMB and 1,113 SLMB eligibles receiving full benefits, the total cost is reduced by ($7,018,944) for a total cost of $109,280,193.

The same methodology was used to calculate the costs for SFY 18 – SFY 21 adjusting for changes in the populations provided by FSD each year due to an increase in the resource limits. A 1.9% inflation rate was applied to SFY 18 – SFY 21.

The total costs for the new cases are:
FY 2016 (10 months): $0;
FY 2017: $109,280,193 (GR $26,453,260; Other $13,627,436; Federal $69,199,497);
FY 2018: $139,342,321 (GR $33,730,345; Other $17,376,238; Federal $88,235,738);
FY 2019 $158,315,769 (GR $38,323,216; Other $19,742,262; Federal $100,250,295);
FY 2020: $172,885,354 (GR $41,850,046; Other $21,559,115; Federal $109,476,193); and,
FY 2021: $178,756,495 (GR $43,271,263; Other $22,291,257; Federal $113,193,975) when fully implemented.

The FSD is providing the response for the **Office of Administration (OA), Information Technology Services Division (ITSD)**.

OA-ITSD assumes there will be a cost for system programming to Family Assistance Management Information System (FAMIS) for years FY 2017 – FY 2020 for the incremental asset limit changes. ITSD assumes that the annual COLA increases will be included in regular maintenance to FAMIS. It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

It is assumed for FYs 2017 and 2018 that FAMIS programming changes will require 47.52 hours IT contract consultants at $75/ hour or $3,564. This cost will be split 50/50 between General Revenue (GR) and Federal funds, or $1,782 each.

It is further assumed for FYs 2019 and FY 2020 that FAMIS programming changes will require 95.04 hours IT contract consultants at $75/ hour or $7,128. This cost will be split 50/50 between GR and Federal funds, or $3,564 each.

Oversight assumes OA-ITSD can absorb the minimal programming time required to make the changes to FAMIS and will not show these costs in the fiscal note table.

ASSUMPTION (continued)

Section 208.065 - Eligibility Verification

This section requires the Department of Social Services (DSS) to procure a contract no later than January 1, 2016, to verify eligibility for assistance under supplemental nutrition assistance program (SNAP); temporary assistance for needy families (TANF) program; Women, Infants and Children (WIC) supplemental nutrition program; child care assistance program; and MO HealthNet program using name, date of birth, address, and Social Security number of each applicant and recipient against public records and other data sources to verify eligibility data.

Officials from **FSD** and **MHD** state this section also lists the WIC program; however DSS does not administer this program, so assumes the Department of Health and Senior Services (DHSS) will provide the fiscal impact for that program.

DSS assumes the department would contract for this service. The contractor will conduct data match services to determine which participants may not be eligible for SNAP, TANF, child care and MO HealthNet benefits. If there is no information/data that contradicts the original determination of benefits then DSS assumes the participants are still eligible. However, DSS assumes all final eligibility determinations will be made by FSD.

Estimates for a contractor to provide services to implement eligibility determinations are based on past calculations prepared for the FY 2015 budget cycle as part of the Governor's recommendation. In addition, DSS assumes for the cases that are identified, case management services would be contracted to provide follow up analysis of each case. Contract and case management costs are estimated to be $2,774,200 ($1,120,167 GR; $1,654,033 Federal) in FY 2016, $3,977,001 ($1,710,357 GR; $2,266,644 Federal) in FY 2017 and $4,144,035 ($1,782,192 GR $ 2,361,843) in FY 2018.

DSS based its savings on the Illinois Medicaid Redetermination Project report. According to Illinois information, many Illinois cases had not been reinvestigated for some time. Missouri has been timelier on reinvestigations; therefore, DSS assumes a lesser percentage of cases reviewed would be cancelled. DSS assumed 75% of the Illinois caseload for the first 5 months of the first calendar year; 50% of Illinois caseload for the last 7 months of the first calendar year and the first 6 months of the second calendar year; then 25% of Illinois caseload for the remainder of year two. There are no additional savings projected for year three.

Medicaid savings: DSS assumes $236 per member per month (PMPM) savings. This is half of TANF participant PMPM. Illinois found that many participants losing coverage did not have PMPM costs representative of the caseload because they had not accessed services. Illinois actual PMPM savings from first group was $55 PMPM. DSS assumes Missouri savings would be more since Missouri has been completing reinvestigations timelier. Potential savings to the state from recoveries is $2,280,112 ($501,766 GR, $334,511 Other Funds, $1,443,835 Federal) in FY16, $8,867,102 ($1,951,312 GR, $1,300,875 Other Funds, $5,614,915 Federal) in FY17, for a cumulative total savings of $14,947,400 ($3,289,355 GR, $2,192,903 Other Funds, $9,465,142 Federal) in FY 2018.

ASSUMPTION (continued)

SNAP savings: DSS assumes $261 per member per month (PMPM) savings. Using the same methodology, potential savings is $1,143,180 in Federal Funds for FY 2016, $4,444,830 in Federal for FY 2017, for a total cumulative SNAP Federal savings of $7,493,832 in FY18.

Food Stamp benefits are paid by the federal government and are not included in FSD's appropriations.

CFR 272.4(a)(2) Program administration and personnel requirements
Due to federal rules for the Food Stamp program, FSD would be required to request a waiver to implement this process for Food Stamp applicants. If the waiver is not approved by the federal Food and Nutrition Services, FSD reasonably anticipates there could be sanctions imposed by the United State government if this process were implemented without an approved waiver. These sanctions could include a disallowance of some or all of the federal Food Stamp program funding.

TANF savings: DSS assumes $227 per member per month (PMPM) savings. Using the same methodology, potential savings is $72,867 in Federal Funds for FY 2016, $282,615 in Federal for FY 2017, for a total cumulative TANF Federal savings of $477,381 in FY 2018.

This would result in a reduction of TANF spending on cash assistance, but not a savings in TANF funding because all TANF must be spent on one of the four purposes of the TANF program:
1) To provide assistance to needy families;
2) To end dependence of needy parents by promoting job preparation, work and marriage;
3) To prevent and reduce out-of-wedlock pregnancies; and
4) To encourage the formation and maintenance of two-parent families.

FSD anticipates a shift in spending from cash grants to eligible families to other purposes of the TANF program.

Child care savings: DSS assumes $309 per member per month (PMPM) savings. Using the same methodology, potential savings is $112,167 in Federal Funds in FY 2016, $437,235 in Federal Funds for FY 2017, for a total cumulative Child Care Development Federal Fund savings of $735,729 in FY 2018.

This would result in a reduction of child care spending on assistance, but not a savings in Child Care Development Fund (CCDF) funding because all CCDF must be spent on child care assistance or child care quality programs.

ASSUMPTION (continued)

Estimated cumulative savings for these four programs are $3,608,326 ($501,766 GR, $334,511 Other Funds, $2,772,049 Federal) in FY 2016, $14,031,782 ($1,951,312 GR, $1,300,875 Other Funds, $10,779,595 Federal) in FY 2017, for a total cumulative savings for four programs of $23,654,342 ($3,289,355 GR, $2,192,903 Other Funds, $18,172,084 Federal) in FY 2018. DSS assumes no additional savings after the third year (FY 2018)

TOTAL IMPACT

	TOTAL	GR	Federal	Other Funds
FY 2016	$834,126	($618,401)	$1,118,016	$334,511
FY 2017	$10,054,780	$240,955	$8,512,950	$1,300,875
FY 2018	$19,510,306	$1,507,163	$15,810,240	$2,192,903
FY 2019	$19,336,257	$1,432,311	$15,711,043	$2,192,903
FY 2020	$19,154,897	$1,354,315	$15,607,679	$2,192,903
FY 2021	$18,965,921	$1,273,044	$15,499,974	$2,192,903

Oversight will present the individual savings for Medicaid/MO HealthNet and SNAP by year rather than as cumulative totals. Since funds for TANF must be spent on one of the four purposes of the TANF program and Child Care funds must be spent on child care assistance or child care quality programs, these do not actually present a savings to the state and will not be presented in the fiscal note.

Costs for the eligibility verification contract have been extrapolated from FY 2018 to FY 2021 using a 4.2% inflation factor per DSS information. As provided earlier, DSS assumes no additional savings will accrue to the state as a result of the contract after FY 2018.

Officials from the **DSS, Division of Legal Services (DLS)** state it is assumed that the contractor's review of all applicant and client eligibility information would result in additional adverse case actions due to the contractor's discovery of previously unreported adverse eligibility information. The additional case closings would in turn result in additional hearings contesting the adverse action taken by FSD. It is not possible to accurately estimate the increase in hearings as it is not possible to accurately measure the potential for fraud by FSD clients, but it can be assumed there would be at least a one percent increase in administrative hearing. In calendar year 2014, the DLS Hearings Unit issued 12,516 decisions of all types. Assuming there was a 1% increase in hearings, DLS anticipates that 125 additional administrative hearings will be requested to contest whether individuals or couples should have their benefits terminated or decreased. DLS believes that it will take approximately two hours to conduct each hearing required by this bill. This will include hearing preparation, the actual hearing and the writing and reviewing of the hearing decision. DLS assumes that hearing officers can hold approximately 900 hearings per year. DLS will be able to absorb the additional hearings with existing staff.

ASSUMPTION (continued)

DSS provided the **OA-ITSD** response. ITSD states it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

The Family Assistance Management Information System (FAMIS) is expected to provide a file with the name, date of birth, address, and Social Security number of each applicant and recipient, and additional data provided by the applicant or recipient relevant to eligibility against public records and other data sources to verify eligibility data. There is no mention of the frequency of this exchange except the fact that deaths, moving out of state, and incarceration should be verified monthly.

This could end being a major change in FAMIS based on the actual requirement. The requirement talks about "name, date of birth, address, Social Security number of each applicant and recipient". There are certain screens where FAMIS does not require the Eligibility Specialist (ES) to enter details of the applicant if they are not requesting benefits and this might have to change. Also, at this time, ITSD does not know if this will in any way impact the existing annual reinvestigation/recertification process in FAMIS. At this time, ITSD also does not know of any special requirements as far as forms and notices are concerned.

It should also be kept in mind that some of the MO HealthNet programs are already in the Missouri Eligibility Determination and Enrollment System (MEDES).

ITSD estimates the following contracted IT consultant hours and costs related to this proposal:

Section	Hours	Rate/Hour	GR Costs	Federal Funds Costs
208.065.1	457.92	$75	$34,344	
208.065.2	172.80	$75	$12,960	
208.065.3	276.48	$75	$20,736	
208.065.3	276.48	$75	$20,736	
208.065.4	172.80	$75	$12,960	
Total	1,356.48		$101,736	

Section 208.152 - Overpayment Recoveries

Officials from the **Department of Social Services (DSS), Missouri Medicaid Audit and Compliance Unit (MMAC)** state MMAC assumes this proposal makes interpretations for the requirements for reimbursement for MO HealthNet services. The MO HealthNet Division (MHD) is currently charged with and authorized to make interpretations of requirements for reimbursement. MHD does so by promulgating regulations pertaining to the Medicaid program,

ASSUMPTION (continued)

authorizing and publishing MO HealthNet provider manuals, managing provider education, and by regularly publishing bulletins directed to providers. MMAC enforces the MHD interpretations of state and federal statutes and regulations. MMAC assumes this proposal will result in a significant increase in the number of appeals of MMAC overpayment determinations. This increase in appeals is estimated to be approximately 50%.

Currently, a MMAC Medicaid Specialist (analyst) completes an audit of a provider's Medicaid claims within 10 hours. MMAC has 22 FTE analysts conducting reviews. An appeal, which includes preparation, discovery and testimony, may take as long as 40 hours, resulting in 30 hours per FTE lost due to appeals. MMAC's average number of completed audits per year is 2,554, with this legislation it is assumed that there will be approximately 164 less audits and possibly 41 more additional appeals which will cause a 6.4% reduction in the number of audits conducted. The two year average of accounts receivables from overpayments in calendar years 2013 and 2014 was $7,380,638 as a result of provider audits. Therefore, the time spent on appeals will result in the inability to conduct approximately 164 audits per year or 6.4% (164/2,554), resulting in a loss of recoverable funds of $472,360 ($7,380,638 X 6.4%).

With enactment of the legislation MMAC analysts will be required to reallocate time away from auditing which will result in the inability to generate the current average recoverable overpayments. Therefore, MMAC would need the following additional 5 FTE to support this legislation, totaling $252,036 including fringe along with associated E&E expenses for FY 2016 (10 months):

MMAC Attorney - $39,984 annually
Administrative Analyst II (legal) - $33,018 annually
Senior Office Support Assistant (SOSA) - $24,906 annually
Medicaid Specialist (2) – (40,642 annually X 2) = $81,284

Expenses are split 50/50 between federal and state funds.

Officials from **MHD** state MMAC audits in compliance with MHD regulations. There is no impact to MO HealthNet.

Oversight notes the additional FTE requested by MMAC will allow the unit to maintain the current number of audits being performed each year. In effect, the new FTE will be used to absorb the increase in provider appeals that will be generated by as a result of this proposal.

Oversight extrapolated MMAC costs to 2021 when the proposal will be fully implemented.

ASSUMPTION (continued)

Section 208.152 - EMTs

MHD officials state section 208.152.12 specifies that emergency medical technicians who divert MO HealthNet recipients who do not require emergency treatment from emergency departments to other facilities shall be eligible for an additional reimbursement from MO HealthNet. MHD assumes the cost of the proposed legislation has been appropriated in the current budget. Three (3) Community Health Access Programs will be eligible for up to $500,000 in funding two and one for up to $250,000 which will be managed by providers that either own an Emergency Medical Service (EMS) or partner with a local ambulance district. The legislation states additional reimbursement will be provided to emergency medical technicians but for the purpose of this fiscal note it is assumed reimbursement would be made to ambulance providers. The total expenditure will be $1.25 million dollars. It is anticipated the proposed legislation would also have a cost savings; however that amount is unknown at this time.

MHD Total Fiscal Impact: FY 2016 $1,250,000 (GR), FY 2017 $1,250,000(GR) and FY 2018 $1,250,000 (GR) and ongoing.

208.244.1 - Federal Waivers Regarding ABAWD Under SNAP

This section removes the federal waiver of the work requirements for the able-bodied adults without dependents under the Supplemental Nutrition Assistance Program (SNAP), or Food Stamp program.

FSD officials state if the department were not to accept, renew or apply for any waiver regarding Able-Bodied Adults Without Dependents (ABAWD), then based on participation as of January 31, 2015, 47,260 individuals could lose Food Stamp benefits. The current ABAWD waiver expires January 2016.

Food Stamp benefits are paid by the federal government and are not included in FSD's appropriations. The FSD anticipates loss of Food Stamp benefits based on the January 2015 average value of monthly benefits per ABAWD individual as follows: $176 X 47,260 individuals = $8,317,760.

There would be 3 months of loss in FY2016 or $24,953,280 ($8,317,760 X 3 months).
In the subsequent fiscal years it is anticipated that as new ABAWD individuals would come on the program and have eligibility limited to 3 months, there would be nine (9) months of lost benefits per year, $8,317,760 X 9 months = $74,859,840.

Applying work requirement policy is labor intensive for staff and would require staff training. FSD assumes the training will be provided online. FSD would absorb the costs of the development of the training and the additional duties for field staff to verify the work requirement is met for participants subject to the work requirement.

ASSUMPTION (continued)

Appropriate notices concerning the policy must be mailed to all participants notifying them of the reinstatement of work requirement policy at a cost of $160,964 (rounded up).

Food Stamp households (392,593) x postage rate ($0.41)
Total cost $160,964 (50/50 federal/state split or $80,482 each)

The FSD anticipates savings in electronic benefit transfer (EBT) services. The cost for EBT for Food Stamp households is $.57 per month. 47,260 of the ABAWD population are single person households. The FSD assumes that the 10,034 multiple person households would remain eligible for EBT services without the ABAWD receiving benefits. After the waiver has expired, the ABAWD population is eligible to receive food stamp benefits for 3 months maximum while not meeting the work requirement. The FSD anticipates 47,260 single person ABAWD households would receive benefits for three months from January - March, 2016. There would be 3 months of savings for FY16 (April - June) 47,260 single households X $0.57 = $26,938 X 3 months = $80,814. In the subsequent fiscal years it is anticipated that as new ABAWD individuals would come on the program and have eligibility limited to 3 months, there would be nine (9) months of savings per year, $26,938 X 9 months = $242,442 per year.

Total anticipated EBT savings 1st year: $80,814
On-going EBT savings annually: $242,442

These savings would be split 50/50 federal/state ($40,407 first year savings each; $121,221 subsequent year savings, each).

208.244.2 - Savings from Modifications to SNAP and TANF
This section requires that any savings to the state that resulted from modifications to SNAP under this section or to the Temporary Assistance for Needy Families (TANF or TA) program occurring on August 28, 2015, shall be used to provide child care assistance for single parent households, education assistance, and job training for individuals receiving benefits under such programs.

FSD officials provide that this section states that any cost savings due to modifications in the SNAP or TA programs shall be used to provide child care assistance for single parent households, education assistance and job training.

Under section 208.244.1, if fewer individuals receive food stamp benefits, there may be a reduction in the program's administrative costs long term. Any savings could be redirected to other programs as required in 208.244.2, with the exception of child care assistance. In the short term, administrative costs are expected to increase due to training, administrative complexity of the work requirement policy, systems requirements and mass mailing.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DHSS)** defer to the Department of Social Services to calculate the fiscal impact of section 208.010.

Section 208.065 of the proposed legislation does not place any requirements on the DHSS. Rather, the Department of Social Services is tasked with procuring a contract to provide verification of eligibility for certain specific programs. However, it is important to note thatDHSS administers one of those programs—the Women, Infants, and Children (WIC) Supplemental Nutrition Program for Missouri— per federal regulation 7 CFR 246 with 100 percent federal funds provided by the United States Department of Agriculture (USDA). The verification of initial and ongoing eligibility for the WIC program is performed by local WIC providers (mostly local public health departments) as required by the USDA. Financial eligibility and nutritional eligibility is assessed upon initial application and then again at re-certification (every six months). In between those six months, clients must participate in nutrition education activities as prescribed by a nutritional assessment (level of nutrition risk/need). The issuance of benefits is given in-person to clients who complete the assigned nutrition activities. Clients who do not participate as prescribed do not receive any benefits (nutrition package voucher). Eligibility status may be reassessed at any time if the WIC provider becomes aware of any change in financial or nutritional status.

It is unknown if the USDA would permit DHSS to require local WIC providers to perform eligibility review for all participants no less than quarterly since that is more stringent than USDA requirements. Requiring more frequent eligibility reviews will result in additional costs to local WIC providers, so it appears unlikely that USDA would fund the associated costs. Likewise, it is unknown if USDA would permit eligibility to be determined by a centralized contractor.

Oversight assumes WIC verification will remain with local providers and that no additional costs or savings would accrue to either the state or federal government.

In response to similar provisions, officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than $2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

FISCAL IMPACT - State Government	FY 2016 (6 months)	FY 2017	FY 2018	Fully Implemented (FY 2021)
GENERAL REVENUE FUND				
Savings - DSS-FSD/MHD (§208.065)				
Recovery from eligibility verifications for Medicaid/MO HealthNet	$501,766	$1,449,546	$1,338,043	$0
Savings - DSS-FSD (§208.244.1)				
Reduced EBT costs	$40,407	$121,221	$121,221	$121,221
Total Savings - DSS	$542,173	$1,570,767	$1,459,264	$121,221
Costs - DSS-MHD (§208.010)				
Increase in state share of program costs for ABD claimants	$0	($26,453,260)	($33,730,345)	($43,271,263)
Costs - DSS-FSD/MHD (§208.065)				
Contract and case management fees for eligibility verifications	($1,120,167)	($1,710,357)	($1,782,192)	($2,016,312)
Costs - OA-ITSD (§208.065)				
Contract IT costs	($101,736)	$0	$0	$0
Costs - DSS- MMAC (§208.152)				
Personal service	($74,663)	($90,492)	($91,397)	($94,166)
Fringe benefits	($38,828)	($47,060)	($47,531)	($48,971)
Equipment and expense	($12,527)	($15,407)	($15,792)	($17,200)
Total Costs - DSS-MMAC	($126,018)	($152,959)	($154,720)	($160,337)
FTE Change - DSS	2.5 FTE	2.5 FTE	2.5 FTE	2.5 FTE

FISCAL IMPACT - State Government	FY 2016 (6 months)	FY 2017	FY 2018	Fully Implemented (FY 2021)
GENERAL REVENUE FUND (cont.)				
Costs - DSS-MHD (§208.152.12)				
EMS reimbursements	($1,250,000)	($1,250,000)	($1,250,000)	($1,250,000)
Costs - FSD (§208.244.1)				
Mailing costs	($80,482)	$0	$0	$0
Total All Costs	($2,678,403)	($29,556,576)	($36,917,257)	($46,697,912)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	**($2,136,230)**	**($27,995,809)**	**($35,457,993)**	**($46,576,691)**
Estimated Net FTE Effect on the General Revenue Fund	2.5 FTE	2.5 FTE	2.5 FTE	2.5 FTE
OTHER STATE FUNDS (various)				
Savings - DSS-FSD/MHD (§208.065)				
Recovery from eligibility verifications for Medicaid/MO HealthNet	$334,511	$966,364	$892,028	$0
Costs - DSS-MHD (§208.010)				
Increase in state share of program costs for ABD claimants	$0	($13,627,436)	($17,376,238)	($22,291,257)
ESTIMATED NET EFFECT ON OTHER STATE FUNDS (various)	**$334,511**	**($12,661,072)**	**($16,484,210)**	**($22,291,257)**

FISCAL IMPACT - State Government	FY 2016 (6 months)	FY 2017	FY 2018	Fully Implemented (FY 2021)
FEDERAL FUNDS				
Income - DSS-MHD (§208.010)				
Increase in program reimbursements for ABD claimants	$0	$69,199,497	$88,235,738	$113,193,975
Income - DSS-FSD/MHD (§208.065)				
Income for program reimbursements for contract and case management fees for eligibility verifications	$1,654,033	$2,266,644	$2,361,843	$2,672,109
Income - DSS-MMAC (§208.152)				
Increase in federal reimbursements	$126,018	$152,959	$154,720	$160,337
Income - FSD (§208.244.1)				
Increase in federal reimbursements	$80,482	$0	$0	$0
Total Income - DSS	$1,860,533	$71,619,100	$90,752,301	$116,026,421
Savings - DSS-FSD/MHD (§208.065)				
Reduction in program expenditures due to verification of eligibility for Medicaid/MO HealthNet	$1,443,835	$4,171,080	$3,850,227	$0
Savings - DSS-FSD/MHD (§208.065)				
Reduction in SNAP expenditures	$1,143,180	$3,301,650	$3,049,002	$0

FISCAL IMPACT - State Government	FY 2016 (6 months)	FY 2017	FY 2018	Fully Implemented (FY 2021)
FEDERAL FUNDS (cont.)				
Savings - DSS-FSD (§208.244.1)				
Reduction in EBT expenditures	$40,407	$121,221	$121,221	$121,221
Total Savings	$2,627,422	$7,593,951	$7,020,450	$121,221
Total All Income and Savings	$4,487,955	$79,213,051	$97,772,751	$116,147,642
Costs - DSS-MHD (§208.010)				
Increase in program expenditures for ABD claimants	$0	($69,199,497)	($88,235,738)	($113,193,975)
Costs - DSS-FSD/MHD (§208.065)				
Contract and case management fees for eligibility verifications	($1,654,033)	($2,266,644)	($2,361,843)	($2,672,109)
Costs - DSS- MMAC (§208.152)				
Personal service	($74,663)	($90,492)	($91,397)	($94,166)
Fringe benefits	($38,828)	($47,060)	($47,531)	($48,971)
Equipment and expense	($12,527)	($15,407)	($15,792)	($17,200)
Total Costs - DSS-MMAC	($126,018)	($152,959)	($154,720)	($160,337)
FTE Change - DSS	2.5 FTE	2.5 FTE	2.5 FTE	2.5 FTE
Costs - FSD (§208.244.1)				
Mailing costs	($80,482)	$0	$0	$0
Total Costs	($1,860,533)	($71,619,100)	($90,752,301)	($116,026,421)

FISCAL IMPACT - State Government	FY 2016 (6 months)	FY 2017	FY 2018	Fully Implemented (FY 2021)
FEDERAL FUNDS (cont.)				
Loss - DSS-FSD/MHD (§208.065) Reduction in program reimbursements due to verification of eligibility for Medicaid/MO HealthNet	($1,443,835)	($4,171,080)	($3,850,227)	$0
Loss - DSS-FSD/MHD (§208.065) Reduction in SNAP funds to the state	($1,143,180)	($3,301,650)	($3,049,002)	$0
Loss - DSS-FSD (§208.244) Reduction in reimbursements for EBT expenditures	($40,407)	($121,221)	($121,221)	($121,221)
Total Losses	($2,627,422)	($7,593,951)	($7,020,450)	($121,221)
Total All Costs and Losses	($4,487,955)	($79,213,051)	($97,772,751)	($116,147,642)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**$0**	**$0**	**$0**	**$0**
Estimated Net FTE Change on Federal Funds	2.5 FTE	2.5 FTE	2.5 FTE	2.5 FTE

FISCAL IMPACT - Local Government	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2021)
	$0	**$0**	**$0**	**$0**

FISCAL IMPACT - Small Business

This proposal could have a direct positive impact on small business MO HealthNet providers. (Section 208.010)

This proposal could have a direct fiscal impact on small business healthcare providers that accept MO HealthNet payments if they are, or are not, notified of changes in interpretation or application of reimbursement requirements by the Department of Social Services. (Section 208.152)

FISCAL DESCRIPTION

This proposal raises the asset limits for MO HealthNet blind, MO HealthNet aged, and MO HealthNet permanent and totally disabled claimants, starting in fiscal year 2017, from no greater than $1,000 for individuals to $2,000 and from under $2,000 for married couples to $4,000. For each fiscal year after 2017 until 2020, those asset limits shall be increased $1,000 and $2,000 respectively so that by fiscal year 2020 the limit for individuals shall be $5,000 and for married couples $10,000. Beginning in 2021, these limits shall be modified to reflect any cost-of-living adjustments. Additionally, this proposal excludes from asset limit calculations medical savings accounts and independent living accounts as defined in the Ticket to Work Health Assurance Program. (Section 208.010)

By January 1, 2016, this proposal requires the Department of Social Services to procure a contractor for the purpose of providing verification of initial and ongoing eligibility data for the Supplemental Nutrition Assistance Program; Temporary Assistance for Needy Families; Women, Infants, and Children Supplemental Nutrition Program; Child Care Assistance Program; and MO HealthNet Program. The contractor must conduct data matches using specified information relevant to eligibility against public records and other data sources to verify eligibility data. The contractor must evaluate the income, resources, and assets of each applicant and recipient no less than quarterly. In addition to quarterly eligibility data verification, the contractor must identify on a monthly basis any program participants who have died, moved out of state, or have been incarcerated longer than 90 days. Upon completing an eligibility data verification of an applicant or recipient, the contractor is required to notify the department of the results, except that the contractor is prohibited from verifying the eligibility data of persons residing in long-term care facilities whose income and resources were at or below the applicable financial eligibility standards at the time of their last review. The department must make an eligibility determination within 20 business days of receipt of the notification. The proposal requires the department to retain final authority over eligibility determinations and the contractor must keep a record of all eligibility data verifications communicated to the department. (Section 208.065)

FISCAL DESCRIPTION (continued)

This proposal specifies that if Missouri Medicaid audit and compliance changes any interpretation or application of the requirements for reimbursement for MO HealthNet services from the interpretation or application that has been applied previously by the state in any audit of a MO HealthNet provider, Missouri Medicaid audit and compliance must notify all affected MO HealthNet providers before the change takes affect. Failure of the Missouri Medicaid audit and compliance to notify a provider of the change entitles the provider to continue to receive and retain reimbursement until notification is provided and waives any liability of the provider for recoupment or other loss of any payments previously made prior to the date of the notice. The notification required must be delivered by the United States Postal Service or electronic mail to each facility.

Provides that the MO HealthNet Division shall provide an additional reimbursement to emergency medical technicians who divert MO HealthNet recipients who do not require emergency treatment from emergency departments to urgent care or other primary care facilities. (Section 208.152)

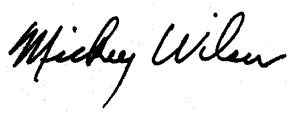
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Department of Health and Senior Services
Department of Social Services -
- Family Support Division
- MO HealthNet Division
- Division of Legal Services

Joint Committee on Administrative Rules
Office of Administration -
- Information Technology Services Division

Office of Secretary of State



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May 4, 2015 May 4, 2015